

Markets & Business

China's job losses are up on the US

China is losing more manufacturing jobs than the US. For the entire economy between 1995 and 2002, China lost 15m manufacturing jobs, compared with the 2m in the US, says *The Conference Board* study.

Kamelian need buyer

UK's Oxford-based Kamelian, an InP supplier of low cost amplification products for optical systems, appointed receivers in June and will continue to trade until it finds a purchaser, according to the receivers. However, a nervous staff could start to melt away unless a buyer is found quickly. Kamelian received \$6.7m in second round funding in April 2003, with Japan's Hoya Corp buying into the investment.

New auditors

AXT Inc has appointed Burr, Pilger & Mayer, LLP as its auditor. Previously it used Pricewaterhouse Coopers LLP. The company has filed a current report on Form 8-K announcing the change.

Cabot invest in NanoProducts

Cabot Microelectronics has strengthened its 2002 JD agreement with NanoProducts Corp, with a new three year renewable strategic alliance.

Both companies will collaborate to develop nanoscale powders and particles for use in fine finish polishing applications, including CMP slurries. In addition, Cabot has obtained a minority equity stake in NanoProducts for \$3.75m investment.

Merger makes \$160m 'nano' deposition supplier

Aixtron AG and Genus Inc have planned a merger that will create a major supplier of advanced deposition equipment. Aixtron MOCVD equipment is used for UHB LEDs, high frequency chips and lasers. Genus is a supplier of Atomic Layer Deposition, required in manufacturing advanced semiconductors and hard disk drives. Both companies are complementary and claim an excellent strategic fit.

Aixtron acquires all the outstanding Genus shares in a stock-for-stock deal and shareholders will receive 0.51 American depository receipts of Aixtron in exchange for each Genus common share.

The Aixtron ADR will represent one Aixtron 'O' share and it will

seek to have these quoted on Nasdaq.

Aixtron's shares, at close, were at €5.82; which values each Genus share at \$3.61; an estimated total transaction value of €117.7m (\$143.2 m) based on current issued shares of Genus stock.

Genus' shareholders receive a premium of approximately 6%, based on closing prices and some 16% on a 30-day trailing average prices of both companies' shares. The completed transaction gives Aixtron's shareholders 74% and Genus' shareholders about 26% of the final company.

"The semiconductor industry increasingly requires new complex material solutions

which we offer," said Aixtron president & CEO Paul Hyland. Genus' chair & CEO William Elder added that "The cooperation in R&D should enable the realisation of synergies in the development and production of our products as well as additional revenue benefits."

Aixtron and Genus employ over 550 employees worldwide. The two companies reported total 2003 revenues of approximately €142m (\$160m), a combined gross profit of approximately €32m (\$36m) and cash and equivalents of approximately €78m (\$99m). Hyland remains president and CEO of Aixtron while William Elder, chair and CEO of Genus, joins the Aixtron management board.

Aixtron's long market view...

The International Bureau of the Federal Ministry of Education and Research has approved the funding for a joint project to establish an R&D training center in China for optical technologies (see *China Lights* page 28)

Simultaneously Aixtron is to take part in a new three year project targeting improvement of LED technology with ITHE of the RWTH Aachen and the Laboratory of Semiconductor Optics, Stepanov Institute of Physics, National Academy of Sciences, Belarus, funded by the International Science & Tech Center in Russia.

For China the programme scope is advancement of R&D and training in compound semiconductors for optoelectronic applications, with rapid technology transfer to support the fast growing compound sector in China being necessary.

SME engineers and business students will train to develop new optoelectronic products,

using Aixtron technology. Later, Chinese students and engineers will undertake scientific work in Aachen with GaN on Si for lighting, new laser concepts, improved LED manufacture and hi-power high frequency HEMT.

For Russia, the target is to improve LED performance and explore silicon as a low cost alternative for substrates.

While expensive sapphire or silicon carbide substrates are used, silicon would allow a drastic reduction in LED costs - that pre-condition for introducing LEDs in general lighting.

But both the Chinese and Russian programmes have that long term, cool appeal towards equipment sales.

As IBM showed earlier in IT, discount sales to Universities brought life-long IBM users.

For Russia and China, the new Aixtron deal with Genus also offers a new route into atomic layer deposition.

Procomp seeks receivership

Taiwanese GaAs chip producer, Procomp Informatics, requested court receivership after an unsuccessful share sale. It was in need of bankruptcy protection for a debt of nearly \$89m in bonds, and has filed a restructuring plan to prevent creditors taking its assets.

Procomp, a computer motherboard maker, since diversified and now with wireless communication and compound semiconductor divisions. The compound operation undertakes R&D, and epitaxy of devices for microwave and optical communications, laser diodes (for DVD applications) and LEDs.

Procomp was involved in several JVs. In 2000 it established Suntek, an HBT foundry, transferring technology from Mitsubishi Electric and now Taiwan's largest GaAs IC maker. With Sumitomo Electric, Procomp founded SupraOpto for making ZnSe white LEDs.